Financial Report

Year Ended December 31, 2005

Under provisions of state law, this report is a public document. Acopy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6-6-07

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Darnall, Sikes, Gardes & Frederick.

(A Corporation of Certified Public Accountants)

ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Boys & Girls Club of the Bayou Teche Region, Inc.
Franklin, Louisiana

We have reviewed the accompanying statement of financial position of the Boys & Girls Club of the Bayou Teche Region, Inc. (Club) as of December 31, 2005, and the related statements of activities, cash flows and functional expenses for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Boys & Girls Club of the Bayou Teche Region, Inc.

A review consists primarily of inquiries of the Club's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles.

Darnall, Sikes, Gardes & Frederick
A Corporation of Certified Public Accountants

Morgan City, Louisiana May 30, 2007 E. Larry Sikes, CPA, CVA, CFPTM
Danny P. Frederick, CPA
Clayton E. Darnall, CPA, CVA
Eugene H. Darnall, III, CPA
Stephanie M. HigginBotham, CPA

Eugene H. Darnall, CPA, Retired 1990 Paula D. Bihm, CPA Deceased 2002

John P. Armato, CPA
J. Stephen Gardes, CPA, CVA
Jennifer S. Ziegler, CPA, CFP™
Chris A. Miller, CPA, CVA

Stephen R. Dischler, MBA, CPA Steven G. Moosa, CPA

M. Rebecca Gardes, CPA Pamela Mayeux Bonin, CPA, CVA

Joan B. Moody, CPA Kathleen T. Darnall, CPA

Erich G. Loewer, III, MTX CPA

Raegan D. Maggio, CPA Barbara A. Clark, CPA

Lauren F. Hebert, CPA

Michelle B. Borrello, CPA Jeremy C. Meaux, CPA

Kevin S. Young, CPA

Barbara Ann Watts, CPA Adam J. Curry, CPA

Chad M. Bailey, CPA

Carol C. Guillory, CPA

Christy S. Dew, CPA Victoria M. LaPrairie, CPA

Victoria M. LaPrairie, CPA Emily J. LeBoeuf, CPA

Rachel W. Ashford, CPA Dustin R. Buck, CPA

Veronica L. LeBleu, CPA

Member of:
American Institute of
Certified Public Accountants

Society of Louisiana Certified Public Accountants

Statement of Financial Position December 31, 2005

ASSETS

CURRENT ASSETS Grants receivable		\$	1,998
LAND AND BUILDINGS, NET			29,930
TOTAL ASSETS		<u>\$</u>	31,928
	LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES Accounts payable Cash deficit Accrued salaries Accrued payroll tax liabilities Due to board member Line of credit Total liabilities		\$	7,716 1,121 1,984 6,245 1,100 25,000
NET ASSETS Temporarily restricted Unrestricted Total net assets			29,930 (41,168) (11,238)
TOTAL LIABILITIES AN	ID NET ASSETS	\$	31,928

Statement of Activities Year Ended December 31, 2005

INCREASES IN NET ASSETS	Unrestricted	Temporarily Restricted	•	
Revenues:				
Grants:				
Louisiana Commission on Law Enforcement	\$ -	\$ 14,998	\$ 14,998	
Boys and Girls Clubs of America	-	28,549	28,549	
Louisiana Alliance of Boys and Girls Clubs	_	17,242	17,242	
Local government grants	_	17,000	17,000	
Private grants and donations	2,705	_	2,705	
Contributed professional fees	1,800	_	1,800	
Other revenues	1,727	_	1,727	
Total support	6,232	77,789	84,021	
Assets released from restrictions	79,284	(79,284)		
Total increase (decrease) in net assets	<u>85,516</u>	(1,495)	<u>84,021</u>	
DECREASES IN NET ASSETS				
Expenses:				
Program services	100,890	_	100,890	
Supporting services	,		,	
Management and general	10,341		10,341	
Total expenses	111,231		111,231	
Decrease in net assets	(25,715)	(1,495)	(27,210)	
NET ASSETS, beginning	(15,453)	31,425	15,972	
NET ASSETS, ending	<u>\$ (41,168)</u>	\$ 29,930	\$ (11,238)	

Statement of Cash Flows Years Ended December 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	\$ (27,210)
Adjustments to reconcile change in net assets	
to net cash provided by operating activities:	
Depreciation	1,495
Increase in grants receivable	6,990
Increase in accounts payable	6,644
Increase in due from board member	1,100
Increase in accrued expenses	8,229
Net cash used by operating activities	(2,752)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from line of credit	10,000
Repayment of long-term debt	(15,657)
Net cash used by financing activities	(5,657)
Net decrease in cash and cash equivalents	(8,409)
CASH AND CASH EQUIVALENTS, beginning of year	7,288
CASH AND CASH EQUIVALENTS, end of year	<u>\$ (1,121)</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: Cash paid during the year for:	
Interest	<u>\$ 261</u>

Statement of Functional Expenses Years Ended December 31, 2005

	Program Services Women and Children		Supporting Services Management and General			
					Total	
Accounting and legal	\$	_	\$	3,375	\$	3,375
Advertising	Ψ	_	Ψ	261	Ψ	261
Contributed professional fees		_		1,800		1,800
Conferences and training		_		2,946		2,946
Depreciation		•		1,495		•
•		2 551		1,493		1,495
Dues and subscriptions		2,551		-		2,551
Interest		261		-		261
Insurance		2,128		-		2,128
Office supplies		6,385		-		6,385
Salaries and fringe benefits		70,693		-		70,693
Postage and shipping		-		223		223
Program development		1,771		-		1,771
Repairs		2,762		-		2,762
Telephone		6,658		-		6,658
Travel and entertainment		177		-		177
Utilities		5,662		_		5,662
Miscellaneous		1,842		241		2,083
Total	\$	100,890	\$	10,341	\$	111,231

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Boys & Girls Club of the Bayou Teche Region, Inc. (The Club) was incorporated as a non-profit organization on July 21, 1997, under the laws of the State of Louisiana. The corporation was formed as a youth service agency to provide behavior guidance and to promote the health, social, educational, vocational, and character development of youth in the Bayou Teche Region, with special concern for those from disadvantaged circumstances.

The corporation operates under a eighteen member Board of Directors and is affiliated with the national organization, Boys and Girls Clubs of America, which assists the local clubs with fundraising, marketing, and training. The average number of youth participating in the Club is approximately 250 per year.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

The Club's financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets, if applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets – limited only by the broad limits resulting from the nature of the organization, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws and limits resulting from contractual agreements with suppliers, creditors and others entered into by the organization in the course of its business.

Temporarily Restricted Net Assets – assets whose restrictions lapse with the passage of time.

Permanently Restricted Net Assets – assets whose restrictions do not lapse with the passage of time.

Presently, the Club has unrestricted and temporarily restricted net assets.

Contributions

Contributions are recognized when a donor makes a promise to give. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Land, building, and equipment is recorded at cost. Assets are depreciated by the straight-line method over their useful lives as follows:

Buildings and improvements 30 years Equipment and furniture 3 years

Income Taxes

The Club qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code and is generally exempt from federal, state and local income taxes. Accordingly, no provision for income taxes is included in the financial statements. In addition, The Club has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Vacation and Sick Leave

The Club does not allow its employees to earn sick or vacation leave. Therefore, no accrual has been made for such pay.

NOTE 2 GRANT RECEIVABLES

The Club had the following amounts receivable from grants at December 31, 2005:

Louisiana Commission on Law Enforcement

\$ <u>1,998</u>

Notes to Financial Statements

NOTE 3 CAPITAL ASSETS

The Club's current year capital asset activity is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and buildings	\$ 39,000	\$ -	\$ -	\$ 39,000
Leasehold improvements	5,832			5,832
-	44,832	-	-	44,832
Less: Accumulated depreciation	(13,407)	(1,495)		(14,902)
,	<u>\$ 31,425</u>	\$ (1,495)	<u>\$</u>	<u>\$ 29,930</u>

NOTE 4 LINE OF CREDIT

Working capital line of credit from Teche Federal Savings Bank, dated December 6, 2005, bearing interest at 5% per annum, payable on demand, collateralized by the full faith and credit of the Club.

25,000

NOTE 5 RELATED PARTY TRANSACTIONS

One of the Club's members is the Executive Director of another non-profit organization, Chez Hope, Inc. of Franklin, LA. Chez Hope, Inc. provides grant writing services to the Club at no charge to the Club. The value of these contributed services for the year ending December 31, 2005 is \$1,800 and is shown as an income and expense item on the statement of activities.

The Club owed \$1,100 to one of its Board Members at December 31, 2005.

NOTE 6 COOPERATIVE ENDEAVOR AGREEMENT

The Club has entered into an agreement with the City of Patterson whereby the Club will lease the former city hall building to be used as an educational and recreation center serving the residents of the City of Patterson and the surrounding areas. These services will be provided by the Club in lieu of the cash rental for the premises.

NOTE 7 CONTINGENT LIABILITIES

Due to the Club's failure to file timely state and federal payroll tax forms and the Form 990 as required by law, penalties and interest may be assessed by the taxing agencies. The amounts potentially owed by the Club for these delinquencies are not determinable at the date of this report, therefore no accrual has been made in the financial statements as of December 31, 2005.

SUPPLEMENTARY INFORMATION

Summary Schedule of Prior Year Findings Year Ended December 31, 2005

These prior year findings were pertaining to the audit performed on the Club's financial statements as of December 31, 2004:

04-01 Finding: General Ledger Reconciliations

Status: This finding is unresolved. See current year finding 05-01.

04-02 Finding: <u>Segregation of Duties</u>

Status: This finding is unresolved. See current year finding 05-02.

Schedule of Current Year Findings Year Ended December 31, 2005

The following findings are relating to the review of the Club's December 31, 2005 financial statements:

05-01 General ledger reconciliations

Finding:

Cash accounts are not being reconciled on a timely basis to the general ledger.

Recommendation:

The Club should implement procedures to assure that all cash accounts be reconciled to the general ledger in a timely basis.

05-02 Inadequate segregation of duties

Finding:

Due to small number of accounting personnel, the Club did not have adequate segregation of accounting functions within its accounting system.

Recommendation:

Based on the size of the operation and the cost/benefit of additional personnel it may not be feasible to achieve complete segregation of duties.

05-03 Payroll tax forms not filed timely

Finding:

State and federal payroll tax forms not filed in a timely manner as required by federal and state taxing agencies.

Recommendation:

The Club should implement procedures to ensure that all payroll related forms be filed in a timely manner.

05-04 Timely submission of reviewed financial statements

Finding:

Due to impacts in the South Louisiana region resulting from Hurricane's Katrina and Rita, the Club was not able to submit its December 31, 2005 review report within the statutory deadline of six months.

Recommendation:

The Club should implement procedures to ensure that reports are submitted as timely as possible after a catastrophic event such as Hurricanes Katrina and Rita.

Schedule of Current Year Findings--Continued Year Ended December 31, 2005

05-05 Form 990 not filed timely

Finding:

Form 990 "Return of Organization Exempt from Income Tax" not filed by statutory deadline as required by the Internal Revenue Service.

Recommendation:

The Club should implement procedures to ensure that all required taxing forms are filed within the statutory deadlines as required by the taxing agencies.

Management's Corrective Action Plan Year Ended December 31, 2005

Response to Finding 05-01:

An administrative assistant has been hired to perform accounting functions and to ensure that bank reconciliations will be performed on a timely basis.

Response to Finding 05-02:

No response is considered necessary.

Response to Finding 05-03:

An administrative assistant has been hired to ensure that all payroll related forms and filings are prepared and filed in a timely manner with the appropriate taxing agencies. The Club has contacted the appropriate taxing agencies and has made arrangements to get all required forms filed and to get the Club's status with these agencies current.

Response to Finding 05-04:

The Club will implement procedures to ensure that all required reports are filed as timely as possible in the event that another catastrophic disaster occurs.

Response to Finding 05-05:

The Club has contacted the appropriate taxing agency is in the process of filing all delinquent Form 990 tax returns. The Club has hired an administrative assistant to ensure that all future tax filings will be made in a timely manner as required.